Special Report

How Should America Respond to Gorbachev's Challenge?

A REPORT OF THE TASK FORCE ON SOVIET NEW THINKING

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Convened under the auspices of the Institute for East-West Security Studies

Institute for East-West Security Studies
New York 1987

Approved For Release 2011/09/27 : CIA-RDP90M00004R000300040019-1

Table of Contents

Foreword

Recent signs of important changes in Soviet thinking about its domestic and foreign affairs pose important new challenges and opportunities. Taken together with major reforms being undertaken in most other European socialist countries, these changes call for a process of policy reexamination in the West and a new dialogue between East and West on ways to create a more stable and cooperative relationship.

These changes in the East have not yet been fully responded to by the West. It is increasingly clear that they represent more than a change in style or rhetoric. What then are the implications of these changes for Western policy? How should America and its allies respond to Gorbachev's challenge?

With this in mind, the New York-based Institute for East-West Security Studies, an independent European-American public policy research center, convened a bipartisan 38-member Task Force of prominent Americans to examine the content and policy implications of the new thinking and propose policy recommendations. The Task Force members met six times over an eight-month period in Washington and New York. European officials and specialists, together with members of the U.S. Congress, participated in specific Task Force meetings.

This bipartisan American Task Force represents the first stage of a multi-year process by which the Institute for East-West Security Studies intends to engage Americans, Europeans, and Soviets in a systematic discussion of the changing relationship between East and West. The Institute regards this Task Force study as a necessary first step towards establishing a new East-West dialogue and looks forward to contributing to and broadening that dialogue. Following the work of this American Task Force, the Institute plans to initiate a second Task Force with broad European participation designed to carry the discussions further.

The Board of Directors of the Institute expresses its

appreciation to the members of the Task Force, both for their dedication during the eight-month process which led to this report, as well as for their important substantive contributions. The successful conclusion of a written report with which all members of the Task Force concurred is due in great measure to the exceptional chairmanship of Joseph Nye and Whitney MacMillan, and to the skills of Institute staff members Allen Lynch and Keith Wind. Special appreciation is also paid to Robert Legvold, John Hardt, Marshall Goldman, and Richard Ullman, members of the Task Force who contributed working papers to the six sessions.

The Institute is deeply grateful to the Carnegie Corporation of New York, The Ford Foundation, George Soros, and Harold Newman for their financial support of this Task Force project. Individual members of the Task Force—Dan Rose, Steve Swid, Mike Forrestal, Guenther van Well, and Harold Newman—graciously opened up their homes for the meetings of the Task Force. Their hospitality is deeply appreciated.

Several members of the Institute staff deserve particular recognition for the success of this report, including Task Force coordinator Keith Wind, principal drafting rapporteur Dr. Allen Lynch, Director of Studies F. Stephen Larrabee, Claire Gordon, Peter B. Kaufman, and Ian Richardson. Special thanks are paid to Amy Lew, who typed the manuscript through seemingly endless revisions. Finally, I'd like to express my personal appreciation to my colleagues on the Institute Board of Directors for their foresight and commitment to making this project possible.

The members of the Task Force believe that this report is an important contribution to the East-West dialogue and are working to make its contents widely known among the policy communities in East and West. The Institute for East-West Security Studies is proud to have sponsored this study and looks forward to continuing the process which this Task Force has begun.

John Edwin Mroz
President
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New York
October 10, 1987

Preface

The changes that Soviet leader Mikhail Gorbachev has recently launched in both domestic and foreign policy have captured world attention. On a range of key issues—from domestic economic reform to nuclear arms control to emigration—Gorbachev's leadership has revised long-standing Soviet positions and in the process challenged the United States and its allies to reexamine many of the assumptions behind their own policies toward the Soviet Union.

The following report on Soviet policies under Gorbachev and their impact on Western interests and responses represents the first concerted effort in the United States to analyze and evaluate the significance of Gorbachev's domestic and foreign policies and their implications for East-West relations. More specifically, the report proposes a series of policy recommendations and goals which respond to the new opportunities presented by the changes in the Soviet Union.

The report appears at a critical juncture in U.S.-Soviet relations, as the two superpowers are about to convene a summit and sign a treaty eliminating intermediate-range nuclear missiles. This event provides an appropriate occasion to examine the broader spectrum of U.S.-Soviet and East-West relations, and the next steps the two sides could take to enhance international stability and put their relations on a stable footing over the long term. The broad scope of the report responds to the need to address all of the sources of instability in the East-West relationship—military, political, economic, ideological—in order to construct a sounder long-term foundation for peace.

The bipartisan character of the report underlines the strong consensus reached on the need to reexamine America's Soviet policy and engage the Soviet leadership in a process aimed at a long-term and stable relaxation of tensions. We feel that the report is a noteworthy contribution to the debate now emerging in the United States over the future direction of U.S.-Soviet and

East-West relations and that the analysis and conclusions it puts forth deserve to be taken as a point of departure in that debate.

Task Force Co-Chairmen

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Executive Summary

Key Findings

In the face of domestic economic stagnation, widespread social apathy, and a widening technological gap vis-à-vis the West, Soviet General Secretary Mikhail Gorbachev has undertaken the most far-reaching revamping of the Soviet system in over half a century. While the Soviet Union remains a closed communist society, Gorbachev has challenged a whole series of ingrained practices and attitudes, from strictly centralized economic management to an often militarized foreign policy, which has been the basis for Soviet policy since Stalin's time. In foreign affairs, he has introduced new concepts and new flexibility into Soviet diplomacy. Yet the West has not come to terms with these changes.

Balancing Soviet power and maintaining a strong Western alliance remain central to U.S. national interests. By the same token, the U.S. and its allies have a long-term interest in encouraging the moderation of Soviet power. Because the Soviet Union is a global power, Gorbachev's initiatives demand an active response by the United States and its Western allies. In many areas, from arms control to emigration, the Soviet Union has begun to make changes in directions long advocated by the West. While far from complete, these changes present new opportunities, and challenges, which the West should not ignore. The Task Force strongly recommends that the United States and its Western allies welcome the reformist tendencies that Gorbachev has set in motion and encourage those which promote a moderation of Soviet power. Toward that end, the U.S. and its allies should engage the Soviet Union in an effort to explore possibilities for agreement and resolve key points of tension.

A purely reactive Western approach in the face of the new Soviet policy is not an acceptable option, the Task Force believes. Western policies as well as Gorbachev's domestic policy priority are bound to affect Soviet foreign policy. There is considerable

uncertainty about the long-term success of Gorbachev's reforms. Nevertheless, over time, the new course chosen by Gorbachev will affect the ways in which the Soviet Union carries out its role as a superpower. A more subtle and flexible Soviet diplomacy requires the West to develop a broader and more active policy toward the Soviet Union, including standards to define and meet common security requirements in a rapidly changing international environment. Failure to do so would sacrifice the diplomatic initiative to the Soviet Union as well as abdicate our responsibility to future generations to pursue prospects for substantially improving relations between East and West.

What is Changing in Soviet Foreign and Domestic Policy?

The West needs to think anew about specific changes the Soviet Union has made in its own policies. Many of these changes are only beginnings and ultimate Soviet intentions remain unclear, but it is important to note that some of them move toward long-standing Western preferences:

- *Arms Control* — The USSR adopted the Western proposal of a zero option on the INF issue. In addition, the USSR has moved toward the Western positions on verification, including on-site inspection. It has also raised the prospect of asymmetrical conventional force reductions in central Europe. It has accepted the principle of deep reductions in offensive strategic weapons and proposed a concept of "sufficiency" in military forces.
- *Role of the Military* — There has been a reduction in the Soviet military's role and influence in the highest policy-making councils, and Gorbachev has made clear to the military that they have to accept spending restraints and greater openness in the dissemination of military information.
- *The International Economy* — Gorbachev has placed special emphasis on reducing Soviet autarky by increasing trade, joint ventures, and expressing an interest in cooperating with such major international organizations as GATT.

- *The Domestic Economy* — Gorbachev has initiated a major decentralization of operational responsibility for the economy, and he clearly intends to move toward a more flexible, modern, and efficient economic planning and management. He has admitted the inadequacy of Soviet statistics and called for more accurate economic information.

- *Human Rights* — In the fields of culture and dissent, Gorbachev has displayed a degree of openness and toleration unthinkable just three years ago. In the area of emigration, the change has been less dramatic but Gorbachev has increased the emigration of Soviet Jews, Germans and other groups. While *glasnost'* has a long way to go, it has clearly led to progress on human rights, which has been a major concern of the West.

- *Regional Issues* — While Gorbachev has as yet made no significant effort to scale back existing Soviet global commitments, he has given a lower priority to the military expansion of Soviet interests in the Third World than his predecessors.

- *Eastern Europe* — While urging closer and more "efficient" economic integration, Gorbachev has permitted a somewhat more flexible expression of specific national interests in Eastern Europe than his predecessors.

Agenda for Action

These changes in Soviet policies and the prospect of a Soviet-American INF treaty and summit by the end of this year highlight the need to tackle a wide range of problems in East-West relations. The Task Force recommends that as first steps Western policy choices focus on five key areas:

- *Security Issues* — The U.S. and its NATO allies should intensify talks with the Warsaw Pact aimed at reducing conventional forces and eliminating offensive strike potentials, particularly those designed for surprise attack. Given the geographical differences and existing force imbalances, new approaches must include asymmetrical reductions of forward-based armored units, which present the greatest threat of surprise attack.

Both sides need to move rapidly to conclude an agreement on deep cuts in strategic offensive nuclear forces. These reductions should be designed to enhance strategic stability and eliminate the capacity to launch a crippling first strike. At the same time, both sides need to find ways to strengthen the ABM Treaty and to ensure that any research on strategic defensive systems is consistent with preservation of the Treaty.

The West should push for a rapid conclusion of the global Geneva chemical weapons negotiations, including the establishment of an international verification regime. Such an agreement would help increase confidence in Europe at a time when some are concerned over the implications of the elimination of medium- and shorter-range nuclear missiles from the continent.

- *International Economic Issues* — Except in a precisely defined area of strategic technologies, which entails tighter, more efficient COCOM regulations, expanded East-West trade is in our interest. The West should welcome Soviet efforts to develop the legal foundation for a system of equitable joint ventures. While Western governments should not subsidize credits, neither should they oppose the extension of private credit through normal commercial rates and practices to the Soviet Union. The prospect of observer status in the GATT and IMF should be used to encourage greater openness and information about the Soviet economy.

  If the Soviet Union demonstrates heightened respect for human rights, the U.S. government and Congress should consider bringing their policy in congruence with U.S. allies by reevaluating the Jackson-Vanik and Stevenson amendments restricting trade with and credit to the USSR. The West should aim to normalize the framework for trade with all Warsaw Treaty countries, on the basis of mutual and reciprocal interests.

  In addition, the U.S.-Soviet umbrella agreements on scientific and technological cooperation should be revived and expanded, on the basis of full reciprocity.

- *Human Rights* — The West should welcome increased *glasnost'* while continuing to make clear to the Soviet government that its observance of internationally recognized human

rights is the mark of a civilized power and a condition for truly collaborative relations between the Soviet Union and the West. The West should insist that the Soviet Union fully live up to the commitments it undertook under the Helsinki Final Act to encourage the free movement of people, ideas, and information across international boundaries.

- *Regional Issues* — In Afghanistan, the West must continue to make clear that Soviet occupation of that country poses strict limits to genuine collaboration between the USSR and the West. Conversely, a rapid Soviet withdrawal, with sufficient international guarantees, would be a forceful demonstration that the "new political thinking" has specific policy implications.

  In other areas of conflict which could lead to possible superpower confrontation—such as Central America, southern Africa, and the Persian Gulf—the West should intensify discussions aimed at clarifying interests and creating conditions for greater stability. Within this framework, U.S.-Soviet meetings on regional issues should be upgraded as part of a regularized summit process. The purpose would be to seek solutions to these problems in conjunction with other concerned parties.

  In the Arab-Israeli dispute, the U.S. and USSR should work together to advance a peace process which guarantees the territorial integrity and interests of all states and parties.

- *Political Dialogue* — U.S.-Soviet summit meetings, as well as meetings at other governmental and non-governmental levels, should be held on a regular basis.

Conclusion

The West must have no illusions about the need to balance Soviet power, but neither should it overlook opportunities to encourage the Soviet Union to be a more responsible and integrated member of the international community. Although the long-term success of Gorbachev's policy remains uncertain, the process he has launched holds out a promise of a further moderation of Soviet power and an opportunity to develop and institutionalize areas of cooperation in the East-West relationship.

Some in the West worry about giving the Soviet Union a "breathing spell." They fear that Gorbachev's economic reforms will simply strengthen the USSR in the long run. But Soviet economic and social problems will not be quickly solved. In the meantime, greater openness and pluralization should be welcomed for their own sake as well as for the effect they can have in moderating the way Soviet power is used.

In order to seize the opportunities offered by new Soviet policies, the U.S. and its allies need to respond creatively to Gorbachev's initiatives. In order to do that, the West must be clear about its own policy objectives and priorities. New political thinking in the East requires new policy thinking in the West.

Report of the Task Force

I. Introduction: Gorbachev's Policy Is Different

After two and a half years in power, Soviet leader Mikhail S. Gorbachev has made it clear to both domestic and foreign audiences that he intends to carry out a thorough restructuring of the Soviet system in an effort to make the Soviet economy capable of effectively assimilating the opportunities offered by contemporary science, technology, and methods of management. Concerned that the Soviet system inherited from the Brezhnev period had become ossified, with consequences for the USSR's international standing as well as its material well-being, the new Soviet leadership has called into question a whole series of institutional arrangements and attitudes—ranging from a strictly centralized economic management system to an often militarized foreign policy—that has provided the foundation for Soviet policy for nearly sixty years. Not content with the kind of administrative adjustments that ever since Khrushchev's time have been the Soviet substitute for meaningful reform, Gorbachev has repeatedly underscored the need for structural economic reform and, just as important, for social and political reforms in order to sustain the economy over the long run.

The sheer magnitude of change that is currently being attempted in a country of the size and international import of the USSR would of itself demand the world's attention. The interest of the international community is further engaged by the emphasis the Gorbachev leadership has placed on aligning Soviet foreign policy more closely with long-term internal requirements, particularly the modernization of the economy. This has entailed an evident rethinking in Soviet policy circles about the requirements of foreign and security policy in an age characterized by mutual nuclear deterrence and global interdependence.

II. Foreign Policy Trends Under Gorbachev

When Gorbachev became General Secretary in March 1985, many Western observers assumed that, due to the pressing nature of domestic affairs—especially in the economy—Soviet foreign policy would show little innovation at first. Yet Gorbachev's actions and statements, particularly since the 27th Party Congress in February/March 1986, suggest that his foreign policy perspective differs significantly from that of his predecessors. While change is currently often more noticeable on the conceptual than the policy level, the new Soviet leadership seems to recognize that serious economic and technological deficiencies jeopardize the USSR's international position, and that reversing these trends requires not only major economic modernization but also many new foreign policy approaches.

It is important when considering the foreign policy implications of Gorbachev's initiatives and statements not to focus unduly on the concept of "new thinking" as such, which has been advanced by Gorbachev and his associates as a general rubric for the General Secretary's approach to international affairs. Any "new thinking" takes place within a historical context of adaptation by the Soviet leadership to external realities. It is this broader pattern, and not any particular slogan, that should be the focus of Western attention.

In many ways, the world view that Gorbachev and his colleagues have been formulating represents an explicit crystallization of tendencies that have been present—often in piecemeal form—in Soviet policy circles since Nikita Khrushchev's anti-Stalin speech at the 20th Party Congress in 1956. But the resultant synthesis of new and traditional elements constitutes a distinctly "Gorbachevian" perspective which seeks to integrate domestic and foreign policy in a mutually reinforcing combination.

First, the Soviet leadership has concluded that the USSR's international relationships should be subordinated to the prime task of economic modernization at home. Gorbachev's desire for domestic reform has led him to search for structures of stability in critical areas—in arms control, most visibly—which would provide a durable and predictable framework for the resource choices that must be made in the coming decade and beyond. The need for such stability assumes double importance for Gorbachev since instability in the USSR's foreign relations could

affect not only the politics of resource allocation but the viability of Gorbachev's own political position.

Second, the Gorbachev leadership has concluded that a favorable international environment can only be created on the basis of a *political* accommodation with the leading industrial powers, and above all with the United States, which remains the focal point of Soviet attention in foreign affairs. The Soviet choice for accommodation thus represents more than a "tactical" adjustment to shifting circumstances, the "breathing spell" that some in the West have detected. Rather, it reflects a strategic reevaluation of the international environment and of the international factors affecting the USSR's global position.

Third, there has been a major reexamination of security issues. Top Soviet officials, including the Soviet military, stress that a nuclear war cannot under any circumstances be won. As a corollary the leadership now argues, with implicit criticism of Soviet security policy under Brezhnev, that security cannot be obtained through military means alone. Security in the nuclear age is said to be mutual in character and, due to the destructive potential of modern weaponry, a common concern of all countries. Relatedly, Soviet policy analysts and Gorbachev himself claim to reject nuclear weapons as a durable guarantor of peace. They assert that even nuclear parity, which they continue to regard as a major historical achievement of socialism, could cease to be capable of ensuring stability in the face of an unregulated arms competition between East and West. Nuclear arms control thus assumes priority as a means of reducing the external threat, limiting resource requirements for the military, and establishing a framework of stability in East-West strategic relations, although the effect on Soviet arms programs and deployments is still unclear.

Fourth, the Soviet concept of peaceful coexistence is being revised. Key Soviet policy analysts now interpret peaceful coexistence less as a form of class struggle—the traditional Soviet viewpoint—and more as a long-lasting condition in which states with different social and political systems will have to learn how to live with each other for the indefinite future. As Yevgeny Primakov, a close advisor to Gorbachev, recently noted in a key article in Pravda, peaceful coexistence is no longer regarded "as a breathing space" by the Soviets. "Interstate relations," he emphasized, "cannot be the sphere in which the outcome of the confrontation between world socialism and world capitalism

is settled."* Such coexistence is said to imply not the simple absence of war but instead an international order in which not only military strength but relations of confidence and cooperation prevail, and "global problems"—the arms race, ecological problems, Third World development—can be resolved on a collaborative basis.

Finally, the Gorbachev leadership evidences increasing recognition of the multipolar and interdependent character of contemporary international relations. This view is reflected in a growing tendency on the part of the USSR to deal directly with key regional actors, such as China and Japan in the Far East, Egypt and Israel in the Middle East, and Mexico in Central America. The main goal has been to reduce the USSR's diplomatic isolation, which was increasingly evident in the late Brezhnev era, and to multiply Soviet options. If this process continues, the West can expect increasingly sophisticated and pragmatic Soviet policies throughout the world.

Of course, rhetoric and policy are two different things, and the world will have to wait to see just how far shifts in attitude and doctrine will be reflected in practice. It is thus difficult to gauge precisely how the "new thinking" has affected foreign policy. Yet, significantly, changes in Soviet policy in specific areas—agreement to the U.S. proposal of the zero option, rejected by the Brezhnev/Andropov leadership, on the INF issue; and interest in participation in GATT and the IMF as well as key Asian/Pacific economic organizations—does suggest deeper changes that are more than a response to tactical opportunities.

Most significant, recent changes in Soviet statements on European conventional arms issues, especially a stated willingness to accept asymmetrical reductions in conventional forces and a restructuring of forces and operational doctrines so as to eliminate offensive capabilities, open possibilities for meaningful conventional arms negotiation which could enhance East-West security. How far these changes will go remains unclear. Gorbachev and his associates seem to have realized that the USSR cannot achieve its desired world of radical nuclear reductions without changes in its own conventional force posture as well. As yet, these changes have been largely rhetorical. However, given the special legitimizing function of political

Pravda, July 9, 1987, p. 4.

rhetoric in communist systems, such changes should not be dismissed out of hand.

Clearly, an important motivation behind the new Soviet policies is to strengthen the USSR as an international presence over the long term. Some Western observers have thus wondered whether the West would not be more threatened by the success of Gorbachev's policies than by their failure. Such an interpretation misreads the stakes that are involved in Gorbachev's course of reform. First, Gorbachev has admitted that his comprehensive reform will not be achieved overnight; rather, it is a process seen as spanning decades. Second, to the extent that it is within Soviet capacity—which remains considerable—no politically significant sector in the USSR will permit a weakening of Soviet power. The issue for the West really involves the question, *what kind* of USSR does it wish to see emerge from the process of internal revitalization and *how* will it use the power at its disposal? The reform course that Gorbachev has chosen, by encouraging the formation and institutionalization of interests and social sectors long underrepresented in Soviet policy-making, could over time affect the way in which the USSR relates to the outside world. Clearly, Gorbachev has no intention of significantly relaxing the Communist Party's monopoly of power and its control over the Soviet public agenda. Yet, if the ways in which power is exercised are modified so as to multiply those voices within the Soviet system who have an objective interest in cooperative relationships with the outside world, it could well change the way the Soviet Union conducts its foreign affairs.

While the motivating factors behind the Soviet reform process are overwhelmingly domestic in character, they open new, albeit limited possibilities for constructive Western policies to advance the common interest in a more stable, cooperative, and mutually beneficial international order. The way that Gorbachev has launched the reform process, by stressing the tight linkage between internal and foreign policy and by a series of doctrinal statements and policy initiatives aimed at intensifying the USSR's ties with the international community, opens new opportunities for more thoughtful, creative Western policy toward the USSR.

III. Domestic Policy Under Gorbachev

Gorbachev's primary goal is to revitalize a stagnant Soviet system from within. This requires a restructuring of the Soviet economy to improve economic productivity and more effectively assimilate contemporary technological developments into the daily Soviet economy. In the 1970s the Soviet economy maintained average growth rates of 4-5 percent per year, while in the 1980s that figure dropped to 1-2 percent. Gorbachev has shown himself intensely aware of the *relative* economic/technological backwardness of the USSR compared to such key rivals as the United States, Western Europe, and Japan. He is far less satisfied than previous Soviet leaders with enumerating past Soviet accomplishments and is determined to force the Soviet economy to confront demanding international standards. Gorbachev believes that the USSR's ability to maintain its international position will depend on its economic performance at home and that the USSR "has no choice" but to enter on the path of radical reform, as he put it to the January 1987 meeting of the Communist Party's Central Committee.

Gorbachev's basic choice for structural reform has raised fundamental issues of strategy and means. Most important, perhaps, Gorbachev's economic program implies a serious restructuring of Soviet resource allocation. The choices involved are not simply limited to tradeoffs between military expenditures and consumption, as is often assumed in the West, but includes those among military expenditure, consumption, *and* the civilian economic investment essential to the long-term soundness of the Soviet economy, and, by extension, the power base of the USSR's international position. That Gorbachev is acutely aware of these tradeoffs is shown by his application of *perestroika*, or restructuring, to the military, which has had to accept constraints on military spending. Indeed, the adoption of the concept of "reasonable sufficiency" by the new Soviet leadership—which remains to be defined in operational terms—appears to reflect an effort to limit demands upon scarce resources and an understanding of the limits to the military and political utility of armed force in general and nuclear weapons in particular. Under these circumstances a general relaxation of international tensions, with a corresponding relaxation of military demands upon scarce resources, is central to the viability of Gorbachev's program.

The key elements of Gorbachev's domestic reform include a combination of economic, social, and political measures. In the economic field, the focus is on:

(1) *Structural Reorganization* — Under Gorbachev's strategy, the system of planning will shift toward strategic centralization, with less detailed and more indicative-type planning coming from the central agencies. More control over general planning and strategy will be held by the responsible political leaders at the top, while responsibility for day-to-day management decision-making will be decentralized to the local level, to the farms and factories, operating under a market-simulating mechanism in which the enterprise is expected to perform as a self-financing, self-managing center. Prototypes of this institutional restructuring are found in the fields of agriculture and foreign trade, with the establishment of the State Agro-Industrial Commission, which combines the functions of several agricultural ministries, and the State Commission for Foreign Economic Contacts, which supersedes many of the functions of the Foreign Trade Ministry. Inherent in Gorbachev's approach is the assumption that central planning of the framework of development is both compatible with, and a precondition for, the development of market forces at the decentralized management level of farms and factories, as it assures bureaucratic acceptance of local self-management, self-financing, and autonomy.

(2) *Improved Productivity* — Gorbachev understands better than any previous Soviet leader that the Soviet economy has reached a basic impasse in its development: sufficient growth can no longer be assured through the simple expansion of increasingly scarce resources such as land, labor, and capital but rather must take place on the basis of dramatically improved productivity of available resources. There will, for example, be a labor shortage of nearly 19 million workers during the current five-year plan. Gorbachev thus wants to create a more efficient economy that will use material and human resources better and will generate output that approaches the world level of quality. This strategy appears to take as its model the transformation of the postwar Western industrial economies, in which efficient technological systems were introduced to significantly increase the productivity of energy, agricultural resources, manpower, and other inputs to production. The Gorbachev leadership in general has made clear the rationale for replacing a system based on extensive

but wasteful production with processes that display greater efficiency and quality. As Gorbachev noted in his 1986 Party Congress speech: "A national economy which possesses enormous resources has run up against a shortage of them." Nevertheless, the process is not without risks: the wager upon human capital can be won only in the long run, while the prospect of a drop in the standard of living in the short run adds to the social pressures facing Gorbachev. How the economic reform unfolds thus bears close observation.

(3) *A Soviet Technological-Information Revolution* — Computer applications, microelectronics, the use of lasers and robotics are all part of the dramatic change occurring in the economies of the Western industrial nations. Gorbachev has repeatedly stressed that the USSR must not fall further behind in this new frontier of science, technology, and economic development. Given the serious shortcomings of the Soviet economy in this area, the central challenge of the U.S. Strategic Defense Initiative (SDI) may be in its technological message. Civilian technological dynamism drives U.S. SDI research programs and, whether or not the military defense vision of SDI is credible or attainable, many of its technological components are. Thus, SDI symbolizes a further, potentially serious erosion of Soviet claims to being an economic superpower; and because of its uneven economic base, the USSR may become a more technologically inferior military power. The Gorbachev leadership is thus determined to dramatically raise the technological level of key economic sectors, which will at the same time raise the dilemma facing the West as it decides upon the scope of technological transfer to its competitor in the East. However, the climate needed for scientific inquiry, communication, and rapid technological progress is antithetical to one in which a closed, controlled state influences key developments in the scientific sector. The unleashing of Soviet scientific capability and the full utilization of Soviet technical talents requires a more open, equitable system. The release of Andrei Sakharov and the relaxation on internal discussion (*glasnost'*) may represent first steps in that direction.

(4) *A More Open and Interdependent Foreign Economic Sector* — If the Soviet economy is to make progress in this new technological revolution, it must at least selectively join the world market. Thus Gorbachev has called for controlled interdependence with the West (as well as closer economic integration with the USSR's East European allies). Reform of Soviet foreign

economic institutions is aimed at promoting direct contact and cooperation between Soviet enterprises and those of their trading partners in Eastern Europe and the West. Soviet officials have identified Western machinery imports as playing a significant role in the planned technical progress of the Soviet economy. Soviet foreign trade bodies have already been reorganized to provide greater flexibility in trade relations and a framework for joint ventures. Finally, the financing of imports will require a shift in priority toward export orientation and acceptance of increased dependence on foreign imports. If this process advances far enough, the export sector may come to challenge the military-industrial complex for priority in resource allocation.

Gorbachev's economic strategy thus requires a thorough overhaul of the Stalinist economic structure that has prevailed in the USSR since 1929. Certainly, the purely economic difficulties and dislocations associated with such a task—unemployment, plant closings, elimination of subsidized pricing of basic goods—will be daunting. What is more, the economic reform that Gorbachev has proposed necessarily entails important social and political reforms as well, since powerful vested interests as well as deep social inertia remain with a stake in the existing system. Gorbachev's program is thus truly comprehensive. Its success will depend not only on the logic of economic plans but on Gorbachev's skill as a politician to convince the Soviet people that they have a future that is worth possible short-term sacrifices, or at least changes.

It is with this awareness that Gorbachev has advanced the twin concepts of "democratization" and *glasnost'*. "Democratization," in the specific sense used by Gorbachev, should not be confused with the Western meaning of the term but rather be seen as serving two closely related functions: as a means of purging those in the party leadership and bureaucracy resistant to Gorbachev's program (by forcing them to compete with party candidates more sympathetic to Gorbachev's vision); and as a way over the longer term to make party officials more accountable to the party and local constituencies they represent (e.g., by increasing the role of the local soviets, or government councils).

This appears to be the meaning of the electoral reform recently initiated in the USSR: while elections would remain open only

to party-approved candidates, the relative decentralization of political accountability implied by multiple candidates for select offices would mean a party leadership that is more responsive to local influences. As both spur and complement to the decentralization of economic management, Gorbachev's "democratization" could result in a more flexible political system, at least as far as domestic policy is concerned.

The policy of *glasnost'*, or greater openness of public discussion, espoused by Gorbachev is aimed at influencing the attitude of Soviet society as a whole (and not simply the political-governmental leadership). Whereas "democratization" seems designed as a complement to the political and personnel changes Gorbachev requires to introduce his programs, *glasnost'*, while encouraging criticism of those in the bureaucracy opposed to Gorbachev's policies, is also aimed at eliciting the voluntary collaboration of society—especially the intelligentsia—in Gorbachev's restructuring of the Soviet system. While there remain definite limits to the debate about the course of Soviet society—especially when it touches upon foreign and defense policy—the intention to shake up rigid hierarchies and promote more independence of thought appears real, with consequences (such as the current anti-Stalin discussion) that perhaps Gorbachev himself may not be able to contain. In any event, Gorbachev appears willing to risk a certain loosening of the reins as the price for both discrediting counterproductive practices and attracting the "white collar" intelligentsia—who are essential to his technology-intensive, creativity-oriented cause—to his side. In this sense, *glasnost'* represents a component part of Gorbachev's broader policy and not a short-term expedient aimed at domestic or foreign audiences.

IV. Western Interests and Policy Responses

The Task Force's review of Soviet domestic and foreign policy under the Gorbachev leadership leads to the conclusion that the Western powers should welcome and encourage the reformist inclinations initiated by Gorbachev, which hold out the promise of moderating Soviet power. Taking into account the largely internal determinants of Soviet domestic policy, the West should take advantage of the possibilities of encouraging those elements in Soviet policy that best advance Western interests. The importance of a united, consistent Western policy is underscored by the series of recent changes in Soviet policy, all of which correspond to long-standing Western preferences. To recapitulate:

1. *Arms Control* — The USSR adopted the Western proposal of a zero option on the INF issue. In addition, the USSR has moved toward the Western positions on verification, including on-site inspection. It has also raised the prospect of asymmetrical reductions in conventional forces in Europe. It accepted the principle of deep reductions in offensive strategic weapons and proposed the concept of "sufficiency" in military forces.

2. *Role of the Military* — There has been a reduction in the Soviet military's role and influence in the highest policy-making councils, and Gorbachev has made clear to the military that they have to accept spending restraints and greater openness in the dissemination of military information.

3. *The International Economy* — Gorbachev has placed special emphasis on reducing Soviet autarky by increasing trade, joint ventures, and expressing an interest in cooperating with such major international economic organizations as GATT.

4. *The Domestic Economy* — Gorbachev has initiated a major decentralization of operational responsibility for the economy and clearly intends to move toward a more flexible, modern, and efficient economic planning and implementation. He has admitted the inadequacy of Soviet statistics and called for more accurate economic information.

5. *Human Rights* — In the fields of culture and dissent, Gorbachev has displayed a degree of openness and toleration unthinkable just three years ago. In the area of emigration, the change has been less dramatic but Gorbachev has increased the emigration rates of Soviet Jews, Germans and other groups. While *glasnost'* has a long way to go, it has clearly led to progress on human rights, which has been a major concern of the West.

6. *Regional Issues* — While Gorbachev has as yet made no significant effort to scale back existing Soviet global commitments, he has given a lower priority to the military expansion of Soviet interests in the Third World than his predecessors.

7. *Eastern Europe* — While urging closer and more "efficient" economic integration, Gorbachev has permitted a somewhat more flexible expression of specific national interests in Eastern Europe than his predecessors.

If the West desires to encourage these tendencies, and to take advantage of the opportunity they offer for a durable relaxation of tensions in East-West relations, it must begin to formulate a more creative policy toward the Soviet Union. The explicit recognition of interdependence by the Soviet leadership and the effort to subordinate foreign to domestic policy provides an opportunity to develop a system of Soviet-Western relations based on competitive but not militarized interstate relations.

Toward this end, the Western powers should intensify consultations among themselves regarding future policy toward the USSR. Until there is a Western consensus about policy objectives, priorities, and the tradeoffs among them, no course of action can be effective over the long term. Western efforts should be geared to testing Soviet readiness to resolve points of tension in the East-West relationship, thereby addressing Western geopolitical concerns and affording the USSR the international stability and reduced military expenditures that a program of genuine domestic reform requires. The focus of these efforts should be on constraining the use of armed force as a means of change. Exacting standards for restraint in international conduct, as well as strict measures of verifying and enforcing compliance, would have to be developed. Yet, if a framework of understanding could be reached in this critical

area, whole new areas for long-term East-West collaboration would emerge.

An agenda for action, which could provide the basis for an effective Western consensus, would include the following:

Security Issues — The prospect of a U.S.-Soviet agreement on eliminating intermediate-range nuclear missiles (INF) by the end of this year represents an important achievement in nuclear arms control and symbolizes a hopeful change in the tenor of East-West relations. Progress has proved possible due to the missiles' secondary military significance and a radical reevaluation of the Soviet negotiating position. If an INF treaty is to translate into durable progress on the core security issues facing East and West, however, both Moscow and the West need to act upon the central fact emerging from the INF discussion: that nuclear and conventional force issues cannot be treated in isolation from one another. A series of recent signals from Moscow and other Warsaw Treaty countries indicates a willingness to explore asymmetrical reductions in conventional forces based in Europe and, just as important, to enter into discussions with the Western powers about ways of reducing the offensive potential of forces based in Europe. The Soviet leadership appears to have come to the conclusion that it cannot secure a further diminution in NATO's nuclear presence on the continent without at the same time addressing the issue of its own conventional posture and operational doctrine.

There is every reason, therefore, for the West to test Gorbachev and initiate alliance-to-alliance talks aimed at developing criteria for putting such concepts into practice. At the same time, the Western powers need to face two central issues: (1) How much do they in fact desire—given the possible geopolitical consequences—conventional arms reductions that would witness a significant reduction in the numbers, and change in the nature, of Soviet (and necessarily U.S.) forces in Europe? (2) What is the West itself prepared to trade off in order to achieve such reductions? Difficult tradeoffs will be necessary if progress is to be made on this central issue of East-West security. While other issues remain on the agenda, especially those involving strategic nuclear arms control, Soviet willingness to reexamine the character of its conventional commitment in central Europe

would constitute a watershed in the East-West confrontation, affecting the justification for the Western nuclear posture. Toward this end, military staffs and political directorates in the key Western capitals should begin planning realistic security options for a post-INF Europe. This includes both arms control proposals adapted to the changing circumstances and more effective, non-threatening defensive postures and missions for the remaining conventional forces. Absent that, the West will once again find itself—as in the recent INF debate—on the defensive in the face of imaginative Soviet arms control initiatives and incapable of rendering creative responses and initiatives on its own. Thus:

- The U.S. and its NATO allies should intensify talks with the Warsaw Pact aimed at reducing conventional forces and eliminating offensive strike potentials, particularly those designed for a surprise attack. Given the geographical differences and existing force imbalances, new approaches must include asymmetrical reductions of forward-based armored units, which present the greatest threat of surprise attack.

- Both sides need to move rapidly to conclude an agreement on deep cuts in strategic offensive nuclear forces. These reductions should be designed to enhance strategic stability and eliminate the capacity to launch a crippling first strike. At the same time, they need to find ways to strengthen the ABM Treaty and to ensure that any research on strategic defensive systems is consistent with preservation of the Treaty.

- The West should push for a rapid conclusion of the global Geneva chemical weapons negotiations, including the establishment of an international verification regime. Such an agreement would lead to increased confidence in Europe at a time when some are concerned over the elimination of medium- and shorter-range nuclear missiles from the continent.

International Economic Policy — The sweeping economic reform undertaken by the Gorbachev leadership offers important new opportunities for East-West economic cooperation. The greater autonomy being given to certain enterprises involved in foreign trade, the increasing emphasis on joint ventures, and the interest that has been expressed in greater Soviet involvement with such

international economic institutions as the General Agreement on Tariffs and Trade (GATT), all raise the possibility of a qualitatively new level of East-West economic contacts.

As the West reviews its economic relationships with the USSR, the overriding standard for its policies should be the ways in which economic ties with the USSR affect the Soviet role in the international community. Certainly, there is broad scope—except in a precisely defined area of strategic technologies, which entails tighter, more efficient COCOM regulations—for free exchange of goods and services between Moscow and the West, and deals which reflect the true cost of the items exchanged should be encouraged. It is thus a mistake for Western governments to prevent the USSR from receiving private credits at commercial rates. An expansion of Soviet economic contacts on the global market would heighten incentives within the USSR to compete abroad and thus increase pressure on the choice of resource allocation within the country. The same holds true for any realistic joint venture policy, which will have to meet rigorous market requirements if it is to succeed: relevant prices (to avoid dumping charges), adequate repatriation of capital, and opening up the Soviet market to joint venture products. Such a policy, based upon expanding Soviet-Western trade on the basis of market value, would tend to complicate Soviet decision-making on both resource allocation and policy toward the West and introduce factors for restraint into the Soviet policy process.

Consequently, the Task Force recommends that:

- Western governments, in collaboration with the private sector, should welcome the Soviet effort to develop the legal foundation for a system of equitable joint ventures. Key sectors for such collaboration include: energy equipment, machinery, transport, communications, agricultural technology, and financial services.

- While Western governments should not subsidize credits, neither should they oppose the extension of private credit at commercial rates.

- Provided that Moscow demonstrates that operational decentralization of the economy is genuine—so that prices reflect approximate opportunity costs—and that *glasnost'* is extended to the international economic sphere by supplying detailed and reliable information relating to markets and

production, the West should give consideration to granting the USSR observer status in GATT and possibly in the International Monetary Fund.

- If the Soviet Union demonstrates heightened respect for human rights, the U.S. government and Congress should consider bringing their policy in congruence with U.S. allies by reevaluating the Jackson-Vanik and Stevenson amendments restricting trade with and credit to the USSR. The West should aim to normalize the framework for trade with all Warsaw Treaty countries, on the basis of mutual and reciprocal interests.

- The U.S.-Soviet umbrella agreements on scientific and technological cooperation should be revived and expanded, possibly in connection with the next summit meeting, on the basis of full reciprocity.

Human Rights — Western governments and private citizens should welcome increased *glasnost'* while continuing to insist to the Soviet leadership that its observance of internationally recognized human rights is the mark of a civilized power and a condition for truly collaborative relations between the Soviet Union and the West. The West should insist that the Soviet Union fully live up to the commitments it undertook under the Helsinki Final Act to encourage the free movement of people, ideas, and information across international boundaries. Moreover, it is simply a fact of political life that progressive improvement in Soviet treatment of its own citizens would also make it easier for the U.S. government to press for most-favored-nation trading status for the USSR.

Regional Issues — A key test of Soviet willingness to align its international policy with its long-term domestic requirements will be its readiness to cooperate with the international community in resolving points of tension in areas of regional instability. Two kinds of situations should be addressed: (1) the special case of Afghanistan, where the USSR has directly invaded a sovereign state, and (2) areas where regional conflicts, compounded by the tensions between levels of economic and social development, on the one hand, and insufficient political institutions, on the other, threaten to spill over into great-power confrontation, as in the Middle East, Central America, and southern Africa.

A rapid Soviet withdrawal from Afghanistan is an important litmus test of Soviet desire for international stability. To the extent that the Gorbachev leadership keeps that country under Soviet occupation, its actions will belie its words to the effect that the USSR is committed to peaceful coexistence among states, regardless of social or political system. Certainly, the West, in cooperation with the international community and the United Nations, should make every effort to provide international guarantees that Afghan territory not be used to the detriment of Soviet security interests. At the same time, the Soviet leadership needs to recognize, in accordance with its assumed international obligations, that the Afghan people have the right to establish a government of their choice, irrespective of Soviet preference.

- The West must make clear to the Soviet leadership that continued Soviet occupation of Afghanistan poses strict limits to genuine collaboration between the USSR and the West, and that, conversely, a rapid Soviet withdrawal would be a forceful demonstration that the "new political thinking" has specific policy implications.

In other regions, such as the Middle East, where the superpowers are less directly engaged but the possibility of a local conflict exploding into a great-power confrontation remains imminent, the USSR and the concerned Western powers should begin exploring practical arrangements to defuse tensions and provide for stability. This effort must proceed from the recognition that, in the Arab-Israeli dispute, for example, where the two superpowers' interests are deeply rooted in geography and political commitment, there can be no effective peace that excludes one or the other. In that region, the Gorbachev leadership has launched a series of initiatives aimed at shoring up Soviet influence throughout the area—most notably by restoring the political dialogue with Israel—and putting the USSR potentially in the position to act positively toward a peace settlement.

- In areas of conflict which could lead to possible superpower confrontation—such as Central America, southern Africa, and the Persian Gulf—the West should intensify discussions aimed at clarifying interests and creating conditions of greater stability. The existing framework of periodic U.S.-

Soviet meetings on regional issues should be upgraded as part of a regularized summit process. The purpose would be to go beyond an exposition of each side's positions to the discussion of possible solutions to these problems.

- In the Arab-Israeli dispute, the Task Force recommends that the United States and the Soviet Union work together to advance a peace process which guarantees the territorial integrity and interests of all states and parties.

Substantive Political Dialogue — Moscow and the West need jointly to explore the kind of international order each seeks in the decades ahead. It is vital that the mistakes of the early 1970s, in which each side put forth conflicting concepts of detente under the same rubric, not be repeated. Consequently, both sides need to initiate high-level political talks on an ongoing basis to explore the operational compatibility between the Soviet doctrine of peaceful coexistence—traditionally seen by the USSR as a form of the class struggle—and the Western concept of detente, which seeks to normalize governmental relations while quarantining the ideological dispute between East and West from international relationships.

- The Task Force thus recommends that U.S.-Soviet summit meetings, as well as meetings at other governmental and non-governmental levels, be held on a regular basis.

V. Conclusion

The Gorbachev leadership has defined a clear agenda in domestic policy and intends to harness its foreign policy to serve that end. In all of its policy decisions, therefore, the West needs to be clear about its goals, priorities, and the tradeoffs among them. Indeed, that is a *sine qua non* if Western policy is to be effective and constructive in the face of Gorbachev's "new thinking" in foreign affairs. The West no longer has the luxury of inaction, which it appeared to enjoy during the waning Brezhnev years and the rapid series of Soviet successions.

The West should thus not be indifferent or merely reactive to Gorbachev's policies. *First,* such an attitude would put the West perpetually on the defensive, leaving Gorbachev to define the policy agenda himself. The disarray caused by Soviet acceptance of the Western position on the zero option on the INF issue underscores the need for the West to reexamine long-held positions and define a policy agenda more in accordance with its own definition of interests.

Second, a "wait and see" attitude by the West would consciously forfeit opportunities to encourage Soviet adaptation to international conditions. *Finally,* a Western failure to respond creatively to the opportunities offered by the new directions in Soviet policy would indicate indifference as to the fate of Gorbachev's policy, which is considerably more outward-looking and interested in collaborative international relationships than any in the recent Soviet past. Western policy choices as well as Gorbachev's domestic policy priority are bound to affect Soviet foreign policy. Domestic economic reform requires a stable international environment. The West should explore every possibility—consistent with its own interests—to engage the Soviet leadership in the effort to improve East-West relations, and to make clear to the USSR the requirements of being a constructive international partner.

Viewed historically, current Soviet attitudes toward foreign affairs, which suggest a more realistic Soviet adaptation to the international environment, may be interpreted as confirmation of a patient Western policy combining military strength and political flexibility. Ironically, many of the contemporary Soviet statements on "mutual security" and "interdependence" echo prevailing Western views of the early 1970s. In response to a series of aggressive projections of political-military power by

the USSR in the mid- to late-1970s, culminating in the invasion of Afghanistan, the West, and especially the U.S., quickly shed this rhetoric, downplaying arms control and collaborative security approaches. In certain ways, the West remains transfixed by the image of Soviet power that developed during the late 1970s, while the Soviets themselves are adopting approaches comparable to those widespread in the West in the early 1970s. To break this cycle, both must adapt creatively to the break that the Gorbachev leadership is making with important aspects of the Soviet past. The West can test the seriousness of Soviet initiatives by encouraging the USSR to continue developing negotiable proposals and practical approaches to issues of common security. The West must also be prepared to consider the practical consequences of its own policies, and to advance more creative initiatives. For that to happen, and yield results, there will have to be new political thinking in both East and West.

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